

ROUTING

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Saturday March 5, 1977

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State Dept. review completed

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NATIONAL SECURITY INFORMATION
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National Intelligence Daily Cable for Saturday, March 5, 1977.

The NID Cable is for the purpose of informing senior US officials.

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USSR-US: Dissidents and US Diplomats

25X1 [] //The USSR's apparent determination to link US embassy officers by name with the dissident community may lead to the expulsion of at least one US diplomat. The Soviets have linked the dissidents with alleged US espionage activities in Moscow, although they have been careful so far to name only US diplomats and journalists who are not now in the USSR or who have plans to leave.//

25X1 [] In an article in yesterday's *Izvestia*, the Soviets named three embassy officers--two no longer assigned to Moscow and a third on leave from his post there. The Soviets pointedly named the officer who is charged with reporting on dissident matters and Jewish affairs as well as his predecessor, whose tour in Moscow ended two years ago. All of the officers as well as their alleged contacts are Jewish, which probably is not a coincidence.

25X1 [] The article is the most serious public charge against the US in the current campaign and represents a significant quickening in the pace of Soviet accusations. Moscow waited for two weeks before specifically protesting embassy contacts with dissident spokesman Andrey Sakharov. Since that demarche on Tuesday, however, the Soviets have linked President Carter with the human rights issue and threatened reprisals against both dissidents and US embassy officers.

25X1 [] //The Soviets have carefully laid the groundwork for a variety of possible measures if US representations on human rights continue. These measures might include steps against Sakharov and the Jewish activists, as well as the harassment or expulsion of US diplomats and correspondents.//

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ROMANIA: Earthquake Damage

25X1 [] The US embassy in Bucharest reports that all but one of the Americans in the city are apparently safe following a major earthquake in Romania last night. The quake registered 7.5 on the Richter scale and reportedly was centered between 100 and 160 kilometers north of Bucharest in the Transylvanian Alps. Tremors were felt across a wide area of the continent, from Moscow to Rome.

25X1 [] Damage to downtown Bucharest is severe, according to initial reports. A number of buildings have collapsed and there is widespread structural damage. According to the embassy, all

water and power in Bucharest are off. No estimates of casualties are available, but there are indications that numerous people were injured or killed.

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Although information is unavailable on the extent of damage outside Bucharest, the fact that President Ceausescu has declared a nationwide state of emergency strongly suggests that damage is widespread.

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BRAZIL-US: Nuclear Issue

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[REDACTED] //Leading Brazilian newspapers and a prominent member of the opposition party have reiterated their support for the government's position on the nuclear issue following US Deputy Secretary of State Christopher's visit. This reaction provides additional political benefits for President Geisel and probably reinforces his belief that the refusal to suspend or alter any part of Brazil's nuclear agreement with West Germany is the correct policy.//

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[REDACTED] //By holding a press conference and subsequently releasing a backgrounder on the talks to a leading Brazilian newspaper, Foreign Minister Silveira, who conducted the talks, has exploited the visit to project an image of strength and confidence. In his remarks to the press, Silveira denied that any negotiations had taken place, saying instead that he had "only conversations." The foreign minister also commented that from his perspective, "everything is going well--excellent."//

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[REDACTED] //The backgrounder also appears to serve Silveira's purposes. He characterized Christopher's negotiating techniques

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as harsh, comparing them to those used by former foreign minister Molotov, and said that he eventually ended the discussions-- in his words "breaking the vicious circle"--by telling the US delegation that "Brazil does not discuss changes or revisions in the agreement."//

25X1 [] //These public disclosures also should satisfy recent press interest in more official information on the issue. Last week, the leading newspaper in Sao Paulo criticized Silveira for keeping information concerning the negotiations to a few top aides. This, the newspaper asserted, was "creating disgust and jealousy" within the Foreign Ministry. []

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CUBA: 200-Mile Fisheries Issue

25X1 [] Cuba is becoming increasingly concerned about the impact on its fishing industry of 200-mile economic zones imposed by various countries. Havana views the imposition of the US zone as a threat to the industry and plans to approach the US for continued fishing rights within the enlarged US territorial waters.

25X1 [] Extended Canadian, Mexican, and West European fishing jurisdictions and conservation quotas will prevent any extensive Cuban fishing in Canadian, Mexican, and West European waters. In addition, Cuba's major fishing off Namibia and South Africa is jeopardized by South Africa's intention to declare a 200-mile limit.

25X1 [] Because of political difficulties, Cuba has ceased fishing in Argentine, Brazilian, and Chilean waters and its fishing agreement with Peru is endangered. Cuba, however, has gained almost unlimited access off Angola and Guyana.

25X1 [] Cuban fishing has grown rapidly since the early 1970s and a further expansion is planned. Fish now account for about 10 percent of exports to the West, but still run a distant second to sugar as a hard-currency earner.

25X1 [] US waters account for about 10 percent each of Cuba's catch of fin fish and crustaceans. Fin fish catches--destined mainly for domestic consumption--probably can be maintained for a time by intensified fishing in waters not restricted to the Cuban fishing fleet.

25X1 [] Shrimp and lobster sales, which provide 90 percent of hard-currency fish exports, could suffer. The rapid growth in the Cuban shrimp catch has come from increased activity in Mexico's Campeche Bay and off the US Gulf and Florida coasts. Havana agreed last year to phase out its shrimping in Campeche by 1980. Increased fishing off Guyana is unlikely to compensate for the loss of these areas, and production from Cuban waters probably is near its maximum already. []

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CHINA-US: Dim Trade Prospects

25X1 [] Trade between China and the US is unlikely to increase much this year. It continues to be hampered by political and economic problems.

25X1 [] Over the past five years, trade between the two has been characterized by erratic US exports--in part because of the large number of one-time deals--and a slow but steady growth in US imports. US exports began to decline sharply early last year, resulting in the first US trade deficit with China since US import controls were lifted in 1971.

25X1 [] US imports from China probably will reach \$250 million in 1977--about 3 percent of China's total export earnings--as the demand for Chinese foodstuffs, textiles, and handicrafts continues to grow. The US market for these products is limited, however. There are no prospects for any large commodity sales: Chinese oil exports to the US are unlikely anytime soon, and tin exports will decline as Peking diverts this metal to domestic use.

25X1 [] US exports to China may fall below \$100 million this year, about 1 percent of China's total imports. These sales averaged more than \$750 million annually in 1973 and 1974. To date, contracts signed for deliveries in 1977 total only about \$50 million, composed chiefly of oil-well drilling and logging equipment, machine tools, and polyester fibers.

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[] The decline in US sales largely reflects the almost 20-percent cut in Peking's imports from all hard-currency countries last year. For the most part, these cuts were planned to deal with mounting credit repayments for grain, steel, and complete plants; natural disasters and political disruptions of foreign trade planning also played a role. Imports hardest hit were agricultural commodities and capital goods--items that since 1972 have accounted for over 85 percent of US exports.

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[] China's economic problems are not the entire reason for the decline in US exports. There has been some inconsistency in the Chinese position on the importance of normalization versus settlement of such bilateral issues as the frozen assets problem and China's desire for most-favored-nation status.

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[] To a large extent, the Chinese are making a political virtue out of economic necessity and in that regard their comments are almost certainly designed to galvanize US business support for normalization.

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[] //There are indications that in some circumstances Peking is willing to discriminate against US goods.

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While it is not clear what price Peking is willing to pay to avoid purchases from the US, the cost at present need not be large because other countries can provide most of China's key imports at competitive prices.//

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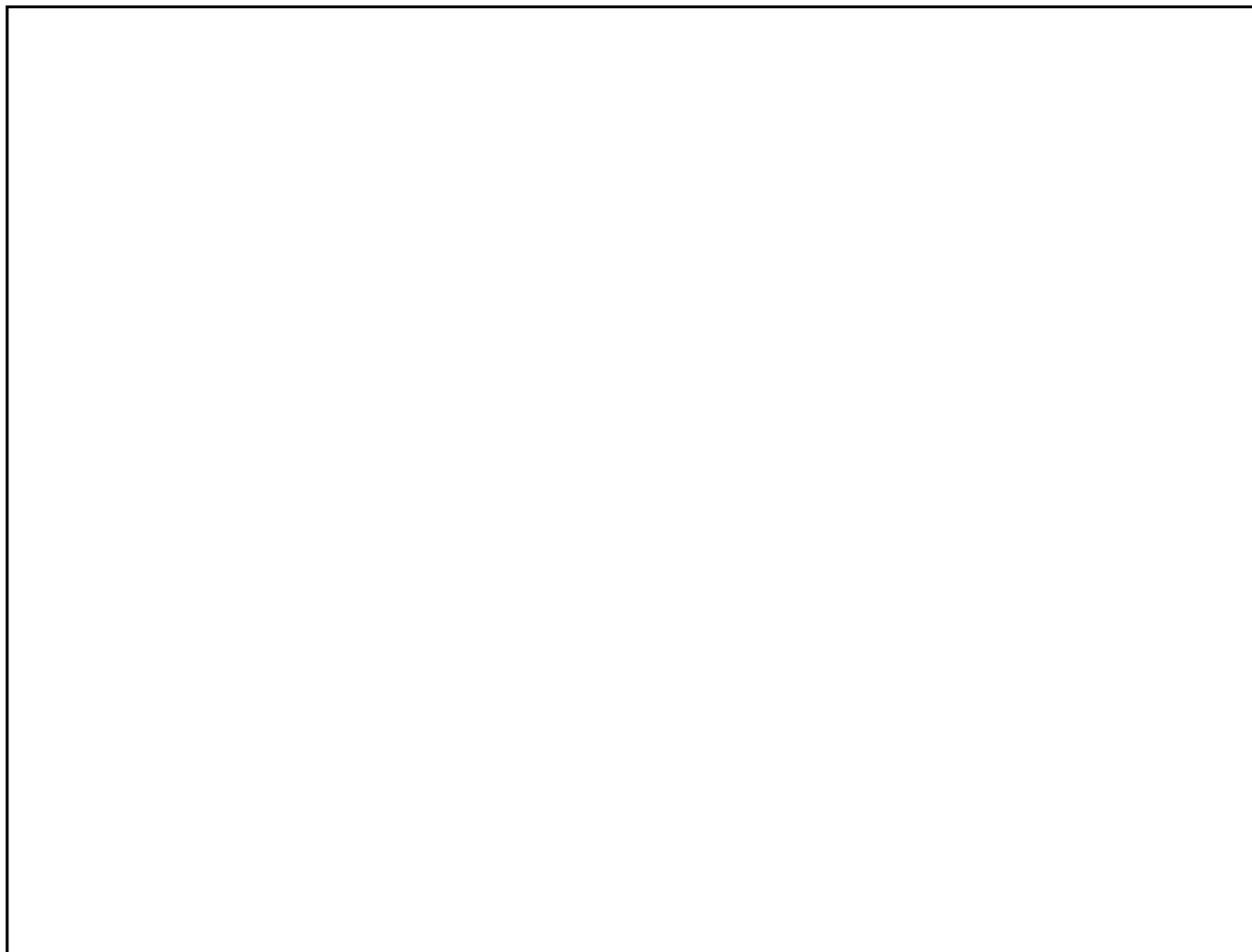
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[redacted] Lack of full diplomatic relations did not prevent the great surge in US sales to China in 1973 and 1974, and probably will not hinder future Chinese purchases for similar short-term exigencies. Moreover, the superiority of some US products will continue to ensure sales to China. Finally, sales of pure technology have continued, earning US firms more than \$100 million in royalties since 1973. These will continue to grow as China becomes more aware of what the US has to offer. [redacted]

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SIERRA LEONE: Internal Unrest



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[REDACTED] //Student-led demonstrations erupted early last month and continued sporadically for several weeks in the capital and outlying areas of Sierra Leone, resulting in widespread property damage and numerous arrests. Police forces restored surface calm after President Stevens bowed to student demands and agreed to hold a general election in April. [REDACTED]

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[REDACTED] //Stevens could face an awkward situation in the next two months. As the election approaches and public expectations build, army resistance to the election might take a more concrete form. Opposition candidates in the eastern and southern provinces, moreover, are sufficiently organized to field respectable competition to the ruling party, according to the US embassy. There are indications that the government will engage in harassment and intimidation, probably assuring further unrest.//

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